

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

5971

ACTION

November 10, 1976

MEMORANDUM FOR: THE PRESIDENT
FROM: Brent Scowcroft *wet for*
SUBJECT: United States Membership in the African Development Fund

You are requested to take five actions designed to permit ratification of United States membership in the African Development Fund. The first two of these actions will make it possible for our Ambassador in Abidjan, Ivory Coast, where the Fund headquarters are located, to sign the United States ratification of the Fund Agreement. The other three will permit the orderly process of membership to proceed.

Treasury and State are sending a delegation to West Africa and hope to have the ratification signing ceremony in Abidjan on or shortly after November 17, 1976.

The five actions are:

A. Title II of Public Law 94-302, the African Development Fund Act, which you signed on May 31, 1976, permits the United States to accept membership in the African Development Fund. The United States subscription of 13,500,000 units of account (equivalent to \$14,999,985) was provided for by Public Law 94-303 90 Stat. 603, signed by you on June 1, 1976 and Public Law 94-441 90 Stat. 1471 signed by you on October 1, 1976. The first provided \$5,000,000 of our subscription and the second \$10,000,000. Attached at Tab A is the acceptance on the part of the United States of membership in the African Development Fund, as called for in the Agreement Establishing the African Development Fund, dated at Abidjan, Ivory Coast, November 29, 1972 and deposited with the African Development Bank. This requires your signature before our Ambassador in the Ivory Coast can sign the United States ratification.

B. It is also required, again in accordance with Title II of Public Law 94-302, as well as Article 58 of the Agreement Establishing the

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African Development Fund, that you sign a declaration stating (1) that the immunity of the Fund from legal process shall not apply with respect to a civil action arising out of an accident caused by a motor vehicle belonging to the Fund or operated on its behalf, or to a traffic offense committed by the driver of such a vehicle, and (2) that the United States retains for itself and its political subdivisions the right to tax salaries and emoluments paid by the African Development Fund to any citizen or national of the United States. This is attached at Tab B.

C. At the time the United States becomes a member of the African Development Fund, it will be necessary for you to appoint a United States Governor and Alternate Governor of the Fund. It is a pattern with the International Development Banks of which we are a member that the Secretary of the Treasury has been appointed Governor and the Under Secretary of State for Economic Affairs the Alternate Governor for the United States. This action is necessary at this time since only the United States Governor can cast our votes for a Director to represent our interests in the legal operations of the Fund, and since there are numerous other functions that the Governor must perform in the interim between annual meetings of the Fund. These include sending instructions to the Director representing the United States, signing official communications from the United States Government to the Fund, voting on certain amendments to the Fund's Agreement and participating in emergency meetings if the need for one arises.

At Tab C is a memorandum to you of November 2, 1976 from the Secretary of the Treasury recommending that you follow this pattern. A recess appointment would be required at this time since the Senate is not in session and cannot therefore give its advice and consent. If you agree, the necessary personnel action will follow.

D. It will also be necessary for the United States to be represented on the Board of Directors of the Fund until the next election of Executive Directors which will take place at the next annual meeting of the Fund in May 1977. Section 203(b) of the African Development Fund Act provides that the United States Governor, on the instruction of the President, shall designate the Director to represent the United States in the Fund. For this purpose, the Secretary of the Treasury has recommended that you instruct him as the United States Governor to authorize the British Executive Director to represent the United States until the next election of Executive Directors which will take place at the Fund's annual meeting in May 1977. A proposed



memorandum to Secretary Simon for your signature is attached at Tab D. This will then be held until you have acted on the appointment of the United States Governor.

E. Finally, Section 207 of the African Development Fund Act requires you to designate a depository for the Fund in the United States. Secretary Simon recommends that you designate the Federal Reserve Bank of New York. A proposed letter for your signature to the New York Fed's President, Paul Volcker, is attached at Tab E.

This memorandum has been approved by William Seidman, Assistant for Economic Affairs. Treasury and OMB concur.

RECOMMENDATION:

That you:

A. Sign the acceptance of the United States membership in the African Development Fund (Tab A).

B. Sign the declaration concerning (1) the inapplicability of immunity within the territory of the United States for civil action arising from motor vehicle accidents and traffic offenses; and (2) the United States right to tax salaries and emoluments paid by the African Development Fund to United States citizens and nationals (Tab B).

C. Approve the appointment of the United States Secretary of the Treasury, William E. Simon, as the United States Governor and United States Under Secretary of State for Economic Affairs, William D. Rogers, as Alternate Governor of the African Development Fund. If you approve, the necessary personnel action will follow.

APPROVE WCS

DISAPPROVE _____

D. Sign the memorandum to Secretary Simon as United States Governor instructing him to cast the votes of the United States to designate the Director representing the United Kingdom also to represent the United States on the Board of Directors of the Fund until the next election of the Fund (Tab D).

E. Sign the letter to President Paul Volcker, of the Federal Reserve Bank of New York designating that bank as United States depository for the African Development Fund (Tab E).